

THE ALGOMA STEEL CORPORATION, LIMITED
503 QUEEN STREET EAST, SAULT STE. MARIE, ONTARIO

To the Shareholders:

Included in this booklet is the notice of the annual meeting of shareholders of the Corporation, as well as an information circular containing information about the directors, voting at the meeting and other matters. Also enclosed is a form of proxy.

The interest of shareholders in the affairs of the Corporation is always encouraging. This interest has been reflected by the number of shareholders represented in person or by proxy at the annual meetings of shareholders in recent years. Your continued participation in this regard would be appreciated.

If you plan to attend the meeting it would be helpful if you would let the Secretary know in advance. Whether or not you plan to attend, we would appreciate your signing and returning the enclosed proxy form to assure that you are represented by proxy if something should arise preventing you from attending the meeting.

John Macnamara
President and
Chief Executive Officer

Walter G. Ward
Chairman

THE ALGOMA STEEL CORPORATION, LIMITED

Notice of Annual Meeting of Shareholders

April 19, 1978

Sault Ste. Marie,
Ontario
March 10, 1978

To the Shareholders:

Please take notice that the annual meeting of shareholders of The Algoma Steel Corporation, Limited will be held at the Windsor Park Hotel in the City of Sault Ste. Marie, Ontario, Canada, on Wednesday, April 19, 1978 at the hour of 2:15 o'clock in the afternoon. The purposes of the meeting are:

1. To receive and consider the annual report of the directors and the consolidated financial statements of the Corporation for the year ended December 31, 1977 and the auditor's report thereon.
2. To elect directors and honorary directors.
3. To appoint the auditor and to authorize the board of directors to fix its remuneration.
4. To transact such other business as may be properly brought before the meeting.

By Order of the Board of Directors
HENRY A. SMITH
Secretary

Note: If you cannot be present in person, please sign and return the enclosed proxy form in the stamped addressed envelope provided. By resolution of the board of directors, proxy forms to be used at this meeting must be deposited either with the Secretary of the Corporation or the Corporation's agent, Montreal Trust Company, not less than 48 hours preceding the time of the meeting — that is before 2:15 p.m., Monday, April 17, 1978.

THE ALGOMA STEEL CORPORATION, LIMITED

INFORMATION CIRCULAR

The annual meeting of shareholders of The Algoma Steel Corporation, Limited (the "Corporation") will be held at the Windsor Park Hotel in Sault Ste. Marie at 2:15 p.m. Wednesday, April 19, 1978 for the purposes set out in the notice of meeting accompanying this circular.

The Annual Report for 1977 has been forwarded to you under separate cover. This circular gives information about voting and intended use of proxies at the meeting, the persons proposed to be nominated for election as directors, and other matters which will be of interest to shareholders.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On February 21, 1978 there were 11,671,728 common shares of the Corporation issued and outstanding and they are the only shares of the Corporation entitled to be voted at the meeting. Each common share registered in a shareholder's name on the date of the meeting entitles the holder thereof to one vote. Canadian Pacific Investments Limited, of Montreal, Quebec, (a subsidiary of Canadian Pacific Limited), owned directly or indirectly, on February 21, 1978, 6,182,210 common shares representing approximately 52.97% of the common shares outstanding.

PROXIES AND VOTING

Shareholders unable to attend the annual meeting are requested by management to complete and return the accompanying proxy form. These proxy forms are solicited by the management of the Corporation at Corporation expense and primarily by mail, though occasionally individual proxies may be solicited by telephone by regular Corporation employees. It is considered desirable that shareholders unable to attend personally be represented by proxy.

By resolution of the board of directors, all forms of proxy for use at the meeting must be deposited either with the Secretary of the Corporation or the Corporation's agent, Montreal Trust Company, at least forty-eight hours in advance, that is by 2:15 p.m. Monday, April 17, 1978.

The persons named in the enclosed form of proxy will vote for or against each matter referred to herein as directed by the shareholder completing the enclosed form of proxy, subject to Section 121 of The Business Corporations Act, (R.S.O. 1970 c. 53 as amended).

Failing such direction, those named in the enclosed form of proxy will vote for the election of directors and honorary directors and the appointment of the auditor and authorization of the board of directors to fix the auditor's remuneration as indicated below.

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the meeting. At the time of printing this circular the management of the Corporation is not aware that any such amendments, variations or other matters are to be presented for action at the meeting.

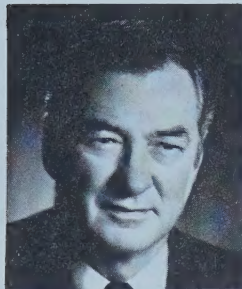
If you would prefer to appoint someone other than the persons named on the enclosed proxy form, simply strike out the printed names and print the name of your appointee in the space provided. To be valid, however, any proxy form must be deposited forty-eight hours before the meeting.

A completed proxy form once deposited may be revoked at any time by written notice (under seal for a corporation) deposited with the Secretary of the Corporation or with the chairman of the meeting, or by any other means provided by law.

ELECTION OF DIRECTORS

The board consists of fourteen directors elected annually to hold office until the next annual meeting of shareholders. It is proposed that the following will be nominated at the meeting. James W. Kerr, Arthur H. Mingay, John D. Taylor and Walter G. Ward are being nominated for the first time. If for some reason any of the proposed nominees are unable to serve, the persons named in the proxy will use their best judgment in voting on alternate nominees.

The information below as to securities beneficially owned has been furnished by the respective directors individually, as of February 21, 1978.



ROBERT D. ARMSTRONG

Chairman and Chief Executive Officer, Rio Algom Limited. Mr. Armstrong, a resident of Toronto, became a director of the Corporation on April 15, 1976. He is also a director of Lornex Mining Corporation Ltd., Preston Mines Limited, Rio Tinto-Zinc Corporation Ltd., Canada Permanent Mortgage Corporation, Marathon Realty Company Limited and other companies.

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KEITH CAMPBELL

Vice-President, Canadian Pacific Limited, (transportation, real estate, forest products, mining, oil and gas and investments). Mr. Campbell was elected a director of the Corporation on April 15, 1971. A resident of Montreal, Mr. Campbell is a director of Canadian Pacific Limited, The Great Lakes Paper Company, Limited, The Royal Trust Company, The Toronto, Hamilton and Buffalo Railroad Company and other companies.

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JAMES W. KERR

Chairman and Chief Executive Officer, TransCanada PipeLines. Mr. Kerr, a resident of Toronto has held this position with TransCanada PipeLines since 1968. He is also a director of Bell Canada, Canadian Imperial Bank of Commerce, Great Lakes Gas Transmission Company, International Minerals and Chemical Corporation (Canada) Limited, Lehndorff Corporation, Manufacturers Life Insurance Company, and other well known companies.

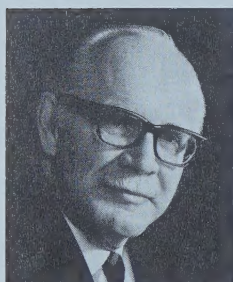
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JOHN MACNAMARA

President and Chief Executive Officer, The Algoma Steel Corporation, Limited. Dr. Macnamara was elected President of the Corporation on January 6, 1976, and was designated Chief Executive Officer on November 1, 1976. Prior to his election as President he served as a Vice President and as Executive Vice President of the Corporation. He was appointed a director of the Corporation on December 3, 1975. Dr. Macnamara is a resident of Sault Ste. Marie and is a director of Dominion Bridge Company, Limited and Canadian Pacific Investments Limited.

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W. EARLE McLAUGHLIN

Chairman and Chief Executive Officer, The Royal Bank of Canada, (chartered bank). Mr. McLaughlin, a resident of Westmount, Quebec, joined the board of directors of the Corporation April 18, 1962. He is also a director of General Motors Corporation, Power Corporation of Canada, Standard Brands Inc., Canadian Pacific Limited, Metropolitan Life Insurance Co., Allied Chemical Canada Limited, and other well known companies.

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MACKENZIE McMURRAY

Former Chairman of Dominion Bridge Company, Limited (steel fabricators). Mr. McMurray became a director of the Corporation, February 2, 1966. He is also a director of Dominion Bridge Company, Limited, Quebecair, Canadian General Electric Company Ltd., Allendale Mutual Insurance Co., Burns Foods Limited and Montreal Trust Company. He is a resident of Montreal.

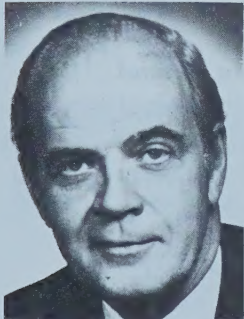
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COL. M. C. G. MEIGHEN, O.B.E.

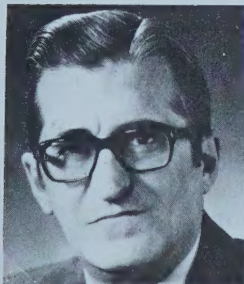
Chairman, Canadian General Investments, Limited, (investments). Col. Meighen was first elected to the board of directors of the Corporation April 18, 1963. He was elected to the executive committee November 2, 1965. Col. Meighen, a resident of Toronto, is also a director of Dominion Stores Ltd., Argus Corporation, Canada Trustco Mortgage Company, Hollinger Mines Limited, Domtar Limited and Massey-Ferguson Ltd.

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ARTHUR H. MINGAY

Chairman and Chief Executive Officer of The Canada Trustco Mortgage Company and The Canada Trust Company. Mr. Mingay has been Chief Executive Officer of these (or a predecessor company) since 1973. A resident of Toronto, Mr. Mingay is a director of The Canada Trustco Mortgage Company, The Canada Trust Company, The Mutual Life Assurance Company of Canada, T. I. Industries Limited and The World Wildlife Fund (Canada). Mr. Mingay is also President of The Trust Companies Association of Canada and is a member of the Advisory Committee, School of Business Administration, The University of Western Ontario.



PAUL A. NEPVEU

Vice-President Finance and Accounting, Canadian Pacific Limited, (transportation, real estate, forest products, mining, oil and gas and investments). Mr. Nepveu became a director of the Corporation on November 6, 1973. A resident of Montreal, Mr. Nepveu is a director of Chateau Insurance Company, Canadian Pacific Securities Limited and other companies.

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CHARLES I. RATHGEB

Chairman and Chief Executive Officer, Comstock International Ltd., (international constructors). Mr. Rathgeb, a resident of Toronto, was elected a director of the Corporation on April 15, 1971. He is also a director of Bright's Wines, Canadair Limited, Liquid Carbonic Canada Ltd., The Royal Bank of Canada, Newconex Holdings Limited, Olympic Trust of Canada, Houston Natural Gas Corporation, Texaco Canada Limited and other Canadian and international companies.

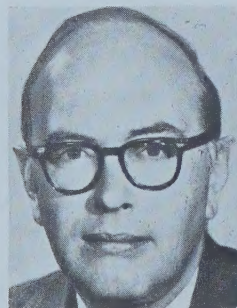
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LEONARD N. SAVOIE

President and Chief Executive Officer, Algoma Central Railway, (rail, truck and lake vessel transportation and real estate). Mr. Savoie became a director of the Corporation on March 2, 1971. He is also a director of Algocen Realty Holdings Limited, All Canadian-American Investments Limited, Thibodeau-Finch Express Limited and Newaygo Forest Products Limited. He is a resident of Sault Ste. Marie.

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W. JOHN STENASON

Executive Vice-President, Canadian Pacific Investments Limited, (hotels, real estate, forest products, mining, oil and gas and investments). Mr. Stenason became a director of the Corporation on December 5, 1973. He is a resident of Montreal and is a director of Canadian Pacific Investments Limited, Canadian Pacific Hotels Limited, Cominco Ltd., Dominion Bridge Company, Limited, The Great Lakes Paper Company, Limited, Canada Trust Company, AMCA International Corp., Pan-Canadian Petroleum Limited, Steep Rock Iron Mines Limited and other companies.

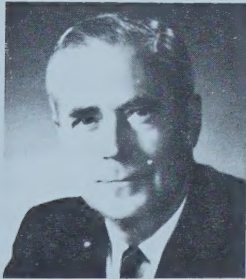
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JOHN D. TAYLOR



President, Simpsons-Sears Limited. Mr. Taylor was appointed President of Simpsons-Sears Limited in April, 1976, prior to which he held a number of senior executive offices with Sears, Roebuck & Co. He is also President of Simpsons-Sears Acceptance Company Limited and a director of Simpsons-Sears Limited, Simpsons-Sears Acceptance Company Limited, Allstate Insurance Company of Canada, Allstate Life Insurance Company of Canada, DeSoto Chemical Products Limited and DeSoto Coatings Limited. Mr. Taylor, a resident of Toronto, is a Member of Council, Board of Trade of Metropolitan Toronto and a director of the Boys and Girls Clubs of Canada.

WALTER G. WARD



Chairman, The Algoma Steel Corporation, Limited. Mr. Ward, became a director of The Algoma Steel Corporation, Limited July 1, 1977 and Chairman on August 1, 1977. Prior to this he was Chairman and Chief Executive Officer of Canadian General Electric Company Limited. He is also a director of Canadian Imperial Bank of Commerce, Canadair Limited, Canada Packers Ltd., Canadian General Electric Company Limited and a number of other companies and associations.

ELECTION OF HONORARY DIRECTORS

Under the By-laws of the Corporation, honorary directors may be elected to hold office until the next annual meeting of shareholders. Since April 1, 1975 only an honorary director in office at that time is eligible for re-election. Proxy forms given pursuant to this solicitation will be voted for re-election of Gordon McMillan, Q.C., the only honorary director currently in office.

APPOINTMENT OF THE AUDITOR

Peat, Marwick, Mitchell & Co. has been auditor of the Corporation since 1950. Proxy forms given pursuant to this solicitation will be voted for its appointment at a remuneration to be fixed by the board of directors.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid or payable by the Corporation and its subsidiaries to the directors and senior officers of the Corporation, including amounts paid as dividend equivalents on units issued under the Corporation's Extra Compensation Plan, was \$1.4 million in the year ended December 31, 1977.

The aggregate cost to the Corporation and its subsidiaries, for the year ended December 31, 1977 of all pension benefits proposed to be paid by the Corporation and its subsidiaries to the senior officers of the Corporation, in the event of retirement at normal retirement age is estimated at \$90,000.

As at December 31, 1977, the Corporation has accrued \$940,000 in respect of its Extra Compensation Plan which may become payable in the future on the retirement or termination of employment (other than for cause) or death during employment of certain senior officers of the Corporation, one of whom is a director of the Corporation and in addition \$764,000 was payable under such Plan as at December 31, 1977.

Sault Ste. Marie, Ontario
February 21, 1978

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**THE
ALGOMA STEEL CORPORATION,
LIMITED**

**NOTICE OF
ANNUAL MEETING OF
SHAREHOLDERS
and
INFORMATION CIRCULAR**

TIME: 2:15 p.m. Eastern Standard Time
WEDNESDAY, April 19, 1978

PLACE: Windsor Park Hotel,
Sault Ste. Marie, Ontario